



# A Comprehension analysis of Mahatma Gandhi National Rural employment Guarantee Act (MGNREGA) in India

**Dr.P.Ravichandran**

Associate Professor and Head, Department of Economics,

G.T.N.Arts College, Madurai Kamaraj University

India

---

## ABSTRACT

The major goal of MGNREGA is to act as an engine of rural development via building up rural infrastructure and promoting employment opportunities in rural areas. The program aims to target inclusive growth along with sustainable development and improvement in agricultural productivity. The employment created under this program benefits the villagers by enhancing and upgrading village infrastructure and environment. The present study is relevant as it aims to reveal the effective role which MGNREGA can play in the current scenario of this Tamil Nadu which has led to large scale reverse migration of labour from cities to villages in the short run there has surely been an increase in the rural workforce owing to reverse migration amidst recent periods. MGNREGA if implemented effectively can certainly transform the outlook of agricultural sector MGNREGA can help prevent labour shortage in rural areas through provision of work close to home and creation of effective and durable public assets MGNREGA can surely act as a tool for post-COVID rural recovery along with balancing the uncontrollable influx of labour from rural to urban areas.

**Keywords:** MGNREGA, Rural Development, Employment and Women participation.

---

## 1. INTRODUCTION

This Act was introduced with an aim of improving the purchasing power of the rural people, primarily semi or unskilled work to people living in rural India, whether or not they are below they ling. Around one-third of the stipulated work force is women. The law was initially called the National Rural Employment Guarantee Act (NREGA) but was renamed on 2 October 2009 This Act was brought about by the UPA coalition government supported by the left parties. The promise of this project is considered by many to be one of the major reasons for the re-election of the UPA in the Indian general election 2009 Dr. Jean Deezes, a Belgian born economist, at the Delhi School of Economics, has been a major influence on this project. A variety of people movements and organizations actively campaigned for this act. The Act directs state governments to implement MGNREGA “schemes”. Under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) the Central Government meets the cost towards the payment of wage, 3/4 of material cost and some percentage of administrative cost. State Governments meet the cost of unemployment allowance, 14 of material cost and administrative cost of State council. Since the State Governments pay the unemployment allowance, they are heavily incentivized to offer employment to workers.

### 1.1 Provisions under MGNREGA

- ⇒ Adult members of a rural household, willing to do unskilled manual work, are required to make registration in writing or orally to the local Gram Panchayat
- ⇒ The Gram Panchayat after due verification will issue a Job Card. The Job Card will bear the photograph of all adult members of the household willing to work under NREGA and is free of cost.
- ⇒ The Job Card should be issued within 15 days of application
- ⇒ A Job Card holder may submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought. The minimum days of employment have to be at least fourteen
- ⇒ Work should ordinarily be provided within 5 km radius of the village. In case work is provided beyond 5 km, extra wages of 10.0 per cent are payable to meet additional transportation and living expenses
- ⇒ Wages are to be paid according to the Minimum Wages Act 1948 for agricultural labourers in the State, unless the Centre notices & wage rate which will not be less than Rs. 60 (US\$1.22) per day. Equal wages will be provided to both men and women.

**1.2 Wage Rates under MGNREGA Raised**

The Union government has linked the wages paid under Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) with the Consumer Price Index for Agricultural Labours on January 2011, government announced to pay wages to labourers under MNREGS as per the Consumer Price Index for Agriculture Labours (CPI-AL). As per the initial provisions of MNREGA, a worker was entitled for Rs.100 as wage per day for minimum of 100 days in a year. Now, after getting associated with inflation index, MNREGA worker will get more wage than Rs.100 per day. As per the revised structure, linked with CPI-AL, wages in MNREGA in different states will go up between 17 to 30 per cent on the base of Rs.100. This move will benefit 5 Cr workers in the country. The enhanced rates of wages under MNREGS has become effective since April 1, 2022.

**Table 1 State-wise wage rate for unskilled manual workers**

Sl.No	Name of State / Union Territory	Wage Rate in Rupees Per day
1	Andhra Pradesh	Rs. 257.00
2	Arunachal Pradesh	Rs. 216.00
3	Assam	Rs. 229.00
4	Bihar	Rs. 210.00
5	Chhattisgarh	Rs. 204.00
6	Goa	Rs. 315.00
7	Gujarat	Rs. 239.00
9	Haryana	Rs. 331.00
9	Himachal Pradesh	Non-scheduled areas - Rs. 212.00/ Scheduled areas - Rs.266.00
10	Jammu and Kashmir	Rs. 227.00
11	Ladakh	Rs. 227.00
12	Jharkhand	Rs. 210.00
13	Karnataka	Rs. 309.00
14	Kerala	Rs. 311.00
15	Madhya Pradesh	Rs. 204.00
16	Maharashtra	Rs. 256.00
17	Manipur	Rs. 251.00
18	Meghalaya	Rs. 230.00
19	Mizoram	Rs. 233.00
20	Nagaland	Rs. 216.00
21	Odisha	Rs. 222.00
22	Punjab	Rs. 282.00
23	Rajasthan	Rs. 231.00
24	Sikkim	Rs. 222.00
	Sikkim (3 Gram Panchayats named Gnathang, Lachung and Lachen	Rs. 333.00
25	Tamil Nadu	Rs. 281.00
26	Telangana	Rs. 257.00
27	Tripura	Rs. 212.00
28	Uttar Pradesh	Rs. 213.00
29	Uttarakhand	Rs. 213.00
30	West Bengal	Rs. 223.00
31	Andaman and Nicobar	Andaman District – Rs.292.00; Nicobar District - Rs. 308.00
32	Dadra and Nagar Haveli and Daman and Diu	Rs. 278.00
33	Lakshadweep	Rs. 284.00
34	Puducherry	Rs. 281.00.

Source: Ministry of Rural Development, 2022

### **1.3 Importance of the study**

The MGNREGA is the largest make work programme ever launched in the world. The Ministry of Rural Development, Government of India is giving priority treatment to MGNREGA, considering the role it has been playing in transforming rural lives. The budget allocation for MGNREGA increased from 11300 cr during 2006-07 the initial year of the scheme implementation to 48000 cr in 2017-18. Both Central and State Governments give due consideration to the scheme, rather than any other rural development schemes. As mentioned earlier, considering the socio-economic and political structure of India, MGNREGA has enormous scope in reaching out to the poor and in executing better quality works appropriate for natural resource management and sustainable development. Studies conducted by researchers and other organizations reveal that although MGNREGA act as a change agent in the rural economy of the State, its outcome in terms of employment and productive works is not impressive. However, the Government has been implementing different practices in order to enhance maximum asset creation possible through the scheme. In this context, it is high time to conduct an economic analysis of works under MGNREGA in Dindigul District and its effectiveness in reaching out the poor and the needy in the Tamilnadu. The studies reviewed mostly analysed the overall performance of the scheme in the State and most of them were conducted part of other larger studies. Since work implementation under MGNREGA is subjected to frequent changes both in the institutional framework and in its execution pattern, the suggestions put forward by these studies lost their relevance in the present scenario. Moreover, the changing economic structure and policy regime demands now initiatives to uncover the implications of the largest public spending in the country in changing rural life or recent, no serious attempt has been made to carry out an exhaustive evaluation of the works taken up under MGNREGA from a development perspective. The present study would provide an addition to the existing facts on MGNREGA works performance in Tamil Nadu. This in turn would provide a scientific base to take policy decisions on alternative measures to improve the implementation of the scheme in the State. In short, the present study will contribute to the knowledge domain on work execution under MGNREGA to modify the existing practices in tune with the objective of sustainable development and sustainable employment.

## **2. STATEMENT OF THE PROBLEM**

The National Rural Employment Guarantee Act (NREGA) notified on 7th September, 2005, with the aims at enhancing livelihood security in the rural areas of the country by providing at least 100 days guaranteed wage employment in among financial year to every household whose adult members volunteer to do unskilled manual work. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) was started as pilot project from November, 2005 in selected districts of the country but later on from 2 February, 2006, it was formally implemented in 200 selected districts of 27 states of the country in its first phase, and was extended to 330 additional districts in 2007-2008. Further, all the remaining 274 districts of the country implemented with effect from April 1, 2008. As a matter of fact, MGNREGA is one of the flagship programmes of the United Progressive Alliance (UPA) Government under the leadership of Prime Minister Dr. Manmohan Singh. The MGNREGA has brought drastic change in both design as well as approach of the programme. According to MGNREGA, the work to be carried out is decided by the local panchayat in consultations in the village people. The interested individual members have to register themselves for seeking of employment. The village panchayat has to provide employment to those who have registered within 15 days from the date of registration. If the village is not in a position to provide employment within fortnight, then the individual is entitled to get unemployment allowance. In fact, it creates rural assets and infrastructure, protecting environment and empowerment of women in the villages. It provides equal opportunity to all able individuals in the process of rural development. It maintains equity between men and women in wage payments. It prevents large scale of migration from rural to urban areas in search of employment and maintains social equality among others. The Act also ensures 33.0 per cent women participation in work.

Impact of MGNREGA on Employment the available MGNREGA employment works are related to water conservation, land development, rural connectivity and other works. Thus, the growth of rural employment can ensure made from both agriculture and the undesirable situations prevailing in the rural areas. An attempt has been made to measure the impact of MGNREGA on employment and income of the rural households. After the Green Revolution, farmers in different parts of our country began to use modern methods of cultivation, which are capital-intensive in nature. This has gradually paved the way for replacement of man by machines. The problem has still aggravated due to the failure of monsoon fall in number of employment, seasonal nature of employment, uncertainty in getting a regular income, phenomenal increase in the price of input and absence of corresponding increase in the price of agricultural products. This situation not only made the agricultural labourers but also landlords to make a move from agriculture to other sector or MGNREGA, which are mostly casual in nature. The rural workforce even began to migrate to nearby cities/towns to get an employment which will give permanent and high income compared to what they get from the farm sector employment.

MGNREGA has been hailed as the largest employment guarantee programme in the world, its prospective to promote sustainable development through capability enhancement is a moot question which captured the attention of many development thinkers. Creation of sustainable assets which can reinforce the livelihood resource base of rural areas is one of the prime objectives of the scheme Works under MGNREGA should be identified, planned, executed and maintained in a refined manner so as to endow them to enhance the capability of the people and the area it belongs to As opined by Dreze and Sen, (1995). The success of development programmes cannot be judged merely in terms of their effects on incomes and outputs, and must at a basic level, focus on the lives that people can lead. The potential of MGNREGA as a development programme need to be explored through the execution of right type of works in right areas with a desirable quality. Sustainable and productive assets could raise the livelihoods of rural poor and can stimulate sustainable development, the greatest challenge before any developing economy. But the important fact is that, the transition from a work to an asset which possesses the quality of productivity and sustainability mandates concerted effort from both authorities and workers.

### **2.1 Critical Analysis of MGNREGA Achievements**

The MGNREGA which began with a financial base of 11300 crores in 2006-2007 has now expanded to 70,000 crores in 2020; It has emerged to be a significant source of guaranteed income for people in rural areas; It is definitely aligned to the concept of inclusive growth as there is large scale participation of women SC and ST's (share of SC and St in total MGNREGA workforce is 50 60% and that of women is also around 50 percent; it has provided a boost to the rural economy with the creation of infrastructural asset it has emerged to be the world's largest social welfare scheme with a colossal expenditure of 314 lakh crore of rupees in the first 10 years of this programme; The World Development Report has termed this program as a stellar example of rural development owing to the graceful manner in which this program has helped reduce poverty in the country; and NCAER (National Council of Applied Economic Research) is of the opinion that it is this scheme which has played a vital role in reducing poverty among the poor and the socially weaker sections including dalits, tribals and marginal farmers

## **3. IMPLEMENTATION**

- ⇒ Wages are to be paid according to piece rate or daily rate. Disbursement of wages has to be done on weekly basis and not beyond a fortnight in any case.
- ⇒ At least one-third beneficiaries shall be women who have registered and requested work under the scheme
- ⇒ Work site facilities such as crèche, drinking water, shade have to be provided
- ⇒ At least 50% of works will be allotted to Gram Panchayats for execution
- ⇒ Permissible works predominantly include water and soil conservation, afforestation and land development works
- ⇒ A 60/40 wage and material ratio has to be maintained. No contractors and machinery is allowed
- ⇒ The Central Govt. bears the 100 percent wage cost of unskilled manual labour and 75 percent of the material cost including the wages of skilled and semi skilled workers
- ⇒ Social Audit has to be done by the Gram Sabha
- ⇒ Grievance redressal mechanisms have to be put in place for ensuring a responsive implementation Process
- ⇒ All accounts and records relating to the Scheme should be available for public scrutiny

### **3.1 Suggestions**

The issue of unlawful possession of Job cards should be dealt in an appropriate manner; Women should be encouraged to participate in the job market via MGNREGA. This will not only enhance their standard of living but also promote social equity and inclusiveness; Job cards should be issued to the people with special needs after identification of the duties they can perform; Utilization of funds and issues related to skill formation need to be appropriately addressed; A training program for the Panchayati Raj Institutions (PRIS) and concerned individuals should be administered on regular basis; With a view to promoting decentralisation, the government should look for involvement of the local bodies beyond the level of Gram Panchayats.; A transparent mechanism should be developed for the assessment of labour productivity and timely completion of the project

## **4. CONCLUSION**

The MNREGA is indeed providing livelihood security to the rural poor yet there is a large scope of improvement in the way it is being implemented in our nation Inefficiency of the service providers and careless attitude of the targeted group along with corruption and other malpractices act as a setback to this social welfare scheme and hamper its effective implementation We definitely need to make MGNREGA a more transparent and a more effective mechanism of employment generation, and inclusive growth of the Indian economy

**REFERENCES**

- Arya Meghana and Ambily (2017)** “Study on Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and Women Empowerment with reference to Kerala, Journal of Advanced Research in Dynamical and Control Systems, p.248
- Jacob (2010)** “The Impact of NREGA on Rural-Urban Migration: Field survey of Villupuram District Tamil Nadu”, Working paper 202, New Delhi, Centre for Civil Society, p.12-14.
- Mahendra Varman and Neeraj Kumar (2020)** “Impact of MGNREGA on Consumption Expenditure of Households” Economic and Political Weekly, EPW Vol. 55, No.39, September,pp.20-24, available at <https://www.epw.in/journal/2020/>
- Nitin Dhaktode (2021)** “Caste in MGNREGA Works and Social Audits”, Economic and Political Weekly (EPW), Vol.56, No.2, January-2021
- Pratiyogita Darpan (2022)** “General Studies Indian Economy 2021-2022” New Delhi, pp.131-132.
- Rahman (2012)**, “Characterizing Food Prices in India”, Working Paper, No. 2012-022, Indira Gandhi Institute of Development Research, Mumbai-400065, pp-1-30.
- Rahul Bahuguna, (2016)** “A Study on Socio Economic Impact of MGNREGA on Beneficiaries in Rudrapryag District of Uttarakhand India” International Journal of Management and Applied Science.Vol,2, issue, no. 10, pp.44-47.
- Tripathi, R. and Singh, (2016)** “Perspectives on violence and othering in India” Springer, New Delhi, pp.3-8.
- World Bank (2017)** “Migration and Remittances: Recent Developments and Outlook” Global Compact on Migration, Migration and Development Brief No. 27, available at <https://openknowledge.worldbank.org/entities/publication/9eb130a1-8551-517a-b362-7d921fd75bdd>